



Patrick W. Henning, Director



Arnold Schwarzenegger  
Governor

December 28, 2009  
22M:384:ch:9012

Ms. Andrea T. Baker, Director  
Merced County Department of Workforce Investment  
1880 West Wardrobe Ave.  
Merced, CA 95340

Dear Ms. Baker:

WORKFORCE INVESTMENT ACT  
85-PERCENT PROGRAM REVIEW  
FINAL MONITORING REPORT  
PROGRAM YEAR 2008-09

This is to inform you of the results of our review for Program Year (PY) 2008-09 of the Merced County Department of Workforce Investment's (MCDWI) Workforce Investment Act (WIA) 85-Percent program operations. We focused this review on the following areas: Workforce Investment Board and Youth Council composition, local program monitoring of subrecipients, management information system/reporting, incident reporting, nondiscrimination and equal opportunity, grievance and complaint system, and Youth program operations including WIA activities, participant eligibility, and Youth services.

This review was conducted by Ms. Carol Hammond from December 8, 2008 through December 12, 2008.

Our review was conducted under the authority of Sections 667.400 (a) and (c) and 667.410 of Title 20 of the Code of Federal Regulations (20 CFR). The purpose of this review was to determine the level of compliance by MCDWI with applicable federal and state laws, regulations, policies, and directives related to the WIA grant regarding program operations for PY 2008-09.

We collected the information for this report through interviews with MCDWI representatives, service provider staff, and WIA participants. In addition, this report includes the results of our review of selected case files, MCDWI's response to Section I and II of the Program On-Site Monitoring Guide, and a review of applicable policies and procedures for PY 2008-09.

We received your response to our draft report on April 3, 2009, and reviewed your comments and documentation before finalizing this report. Because your response adequately addressed this finding cited in the draft report, no further action is required at this time. However, this issue will remain open until we verify your implementation of your stated corrective action plan during a future onsite review. Until then, this finding is assigned Corrective Action Tracking System (CATS) number 90104.

## **BACKGROUND**

The MCDWI was awarded WIA funds to administer a comprehensive workforce investment system by way of streamlining services through the One-Stop delivery system. Very little of the WIA funds allocated for PY 2008-09 have been expended. For PY 2007-08, MCDWI was allocated: \$1,419,537 to serve 523 adult participants; \$1,523,564 to serve 490 youth participants; and \$1,061,709 to serve 208 dislocated worker participants.

For the quarter ending September 30, 2008, MCDWI reported the following expenditures for its WIA programs for PY 2007-08: \$1,419,537 for adult participants; \$1,145,377 for youth participants; and \$1,061,709 for dislocated worker participants. In addition, MCDWI reported the following enrollments: 478 adult participants; 395 youth participants; and 169 dislocated worker participants. We reviewed case files for 25 of the 150 participants enrolled in the WIA program as of December 8, 2008.

## **PROGRAM REVIEW RESULTS**

While we concluded that, overall, MCDWI is meeting applicable WIA requirements concerning grant program administration, we noted an instance of noncompliance in the area of Workforce Investment Board (WIB) composition. The finding that we identified in this area, our recommendations, and MCDWI proposed resolution of the finding is specified below.

### **FINDING 1**

**Requirement:** WIA Section 117(b)(2)(A)(iii) states, in part, that the composition of the local Workforce Investment Board (WIB) shall include representative of local labor organizations.

20 CFR 661.315(a) states that the local WIB must contain two or more members representing the categories described in WIA Section 117(b)(2)(A)(iii).

Workforce Investment Act Directive 06-21 states, in part, that at least 15 percent of local WIB members shall be representatives of labor organizations.

**Observation:** We observed that the Merced WIB has a total of 28 members, but it lacks the required labor representation. Specifically, of the 28 member board only two seats represent labor. The Merced WIB requires an additional 3 members in order to meet the 15-percent requirement.

**Recommendation:** We recommended that MCDWI provide the Compliance Review Office (CRO) with a corrective action plan (CAP), including a timeline, showing the steps it will take to fill the required labor vacancies. Once filled, we recommended that MCDWI provide CRO with a copy of an updated WIB roster.

**MCDWI Response:** The MCDWI stated that they have been continuously working to fill the three vacant labor seats. Ms. Andrea Baker (Director of MCDWI) stated on December 22, 2009, that two of the three vacant labor seats have been filled and the third vacant seat has been approved by the WIB and they expect approval from the Merced County Board of Supervisors on January 12, 2010. MCDWI stated they will provide CRO with a copy of the updated WIB roster once filled.

**State Conclusion:** MCDWI's stated corrective action should be sufficient to resolve this issue. However, we cannot close this issue until MCDWI provides CRD with an updated WIB roster showing that the vacancies have been filled. Until then, this issue remains open and has been assigned CATS number 90104.

We provide you up to 20 working days after receipt of this report to submit your response to the Compliance Review Office. Because we faxed a copy of this report to your office on the date indicated above, we request your response no later than January 27, 2010. Please submit your response to the following address:

Compliance Monitoring Section  
Compliance Review Office  
722 Capitol Mall, MIC 22M  
P.O. Box 826880  
Sacramento, CA 94280-0001

In addition to mailing your response, you may also FAX it to the Compliance Monitoring Section at (916) 654-6096.

Because the methodology for our monitoring review included sample testing, this report is not a comprehensive assessment of all of the areas included in our review. It is MCDWI's responsibility to ensure that its systems, programs, and related activities comply with the WIA grant program, Federal and State regulations, and applicable State directives. Therefore, any deficiencies identified in subsequent reviews, such as an audit, would remain MCDWI's responsibility.

Please extend our appreciation to your staff for their cooperation and assistance during our review. If you have any questions regarding this report or the review that was conducted, please contact Jennifer Shane at (916) 654-1292.

Sincerely,

A handwritten signature in cursive script, appearing to read "Jessie Mar". The signature is written in dark ink and is positioned above the typed name.

JESSIE MAR, Chief  
Compliance Monitoring Section  
Compliance Review Office

cc: Greg Gibson, MIC 50  
Jose Luis Marquez, MIC 50  
Daniel Patterson, MIC 45  
Roger Schmitt, MIC 50